

# VIETNAM'S PARTICIPATION IN THE REGIONAL PROCESS OF DEVELOPMENT

by Deputy PM PHAN VĂN KHẢI

**Accepting the invitation of WEF, Vietnam's Deputy PM Phan Văn Khải and the government's delegation took part in Conference on Vietnam Economy and European-East Asian Economic Forum held in Singapore from Oct 11 to 14 recently (he also paid a visit to this island as invited by Singaporean government). The delegation included Lê Xuân Trinh, Minister; Nguyễn Xuân Quang, Undersecretary of Trade; Đỗ Ngọc Trinh, Undersecretary and Vice-Chairman of SCCI, four specialists and 10 businesspersons.**

**The following are speeches given by Mr. Deputy PM and Ms. Vice-Chairman of SCCI at the forum.**

Vietnam Renovation policy introduced in 1986 has aimed at defeating the socio-economic crisis, stabilizing and developing the economy in ever-changing situation of the world and the region as well. In process of realizing, the policy is continuously amended and improved. Along with its foreign policy of multilateralized and diversified cooperation with the slogan *Vietnam wants to make friend with all countries*-Vietnamese domestic policy aimed at building the market economy, strengthening the government and democratizing the socio-economic life.

After eight years of realizing Renovation policy, the market economy has taken shape but only at primary stage and it hasn't been in good order yet. The policy has somewhat liberalized productive forces, tapped creative and active sources of the society and changed the socio-economic life basically. It's the main factor that helped Vietnam survive the period of crisis when aid from the socialist-bloc was ended, Vietnam's trade with this bloc was decreased abruptly, while the US embargo hasn't been lifted yet.

Vietnamese economy not only survives the crisis, but also makes encouraging progress:

- Between 1991 and 1994, GDP increased annually by 8.05 per cent on average, agricultural output increased by 5.4 per cent, industrial output by 13.2 per cent, export turnover by 20 per cent, gross investment by 30 per cent. Being a rice importer for a long time, Vietnam, from 1989, became the world's third biggest exporter of rice. It could export around 1.5 or 2.0 million tonnes of rice every year. The manufacturing and service sectors in the structure of industry have become larger and larger. In agriculture, the percentage of husbandry and agricul-

tural products used as raw materials for agro-industry is also on the increase.

- The inflation rate has gradually been reduced from 800 per cent in 1986 to 67 per cent in 1991, 17.4 per cent in 1992 and 5.2 per cent in 1993.

- Vietnam has engaged in trade with over 100 nations and territories in the world. Its export turnover in 1986 equalled 36 per cent of imports. This percentage rose to 91 per cent between 1991 and 1994. Up to late 1994, over 1,000 foreign investment projects with total capital of over US\$10 billion have been licenced, and over 30 per cent of it has been realized.

- The living standard of the people has been improved, the danger of famine was eradicated, the number of poor families was reduced.

However, the process of economic renovation and development is facing a lot of problems; some of them are as follows:

- Technical and material infrastructure is too poor; level of technology is low; capital accumulation is slow; and the inflation rate isn't firmly controlled.

- The market mechanism isn't well formed; the legal system hasn't been perfected and hasn't worked properly; the state-run banking system, enterprises, and administrative machinery are slow to keep pace with the economic renovation and development.

- The society makes slow progress: the birth rate is still high (2.2 per cent), unemployment rate is high, education needs faster reformations; struggle against social evils produced little result.

We realize that Vietnam is facing big challenges of the race for economic development in the world and has to keep itself from falling behind neigh-





Deputy PM  
Phan Văn  
Khải  
(third from  
left)  
at  
conference  
in  
Singapore

boring countries. The situation becomes more urgent when Vietnam wants to be a member of ASEAN and AFTA. On the other hand, there are a lot of new opportunities for developing the economy resulted from improvement of Vietnam diplomatic relations, we should take advantage of these opportunities to modernize and industrialize our economy, accelerate the economic growth rate and improve the socio-economic life of the people more strongly.

In order to cope with the challenges and take advantage of the opportunities, we should accelerate our economic renovation, reform our administrative machinery. The following are our most urgent tasks:

1. Liberalizing the productive forces radically in order to attract investment from all economic sectors:

- Law of Encouragement to Domestic Investment will be executed and industrial estates will be planned.
- Land use rights will be given to peasants and the afforestation program will be speeded up.
- The public sector should be reorganized, some state enterprises will be equitized, the rest will be given autonomy in doing business, securing necessary capital, seeking for partners and competing fairly with other companies.
- The conditions for foreign investment will be improved: the legal system will be perfected and stabilized,

the procedure for carrying out foreign investment projects will be simplified, a lot of industrial estates and EPZs will be formed, the procedure for getting and renewing visas for foreign investors will be made simpler, the licenced projects will be well managed and assisted.

2. We will do our best to control the inflation rate, innovate financial and banking system by taking the following measures:

- Forming capital market and stock exchange: by issuing the government bond and corporate bond.
  - Reforming tax system with a view to making it simpler and more reasonable.
  - Adopting a "crawling peg" exchange rate (an exchange rate system involves small and frequent adjustments).
  - Leaving the rate of interest to the invisible hand of the market.
  - Renovating accounting and auditing businesses.
3. Reforming the administrative machinery with a view to perfecting the legal system:

- Making the civil law, business law...
- Restricting the administrative machinery to administrative management and restraining it from intervening in operation of enterprises.
- Reforming the administrative procedure with a view to removing venality and corruption.

Peace, stability and cooperation in foreign relations are indispensable to the development of a nation. In spite of international conflicts but the outstanding trend in the world at present is to keep peace and to co-operate in developing the economy. In such a situation, the development of Pacific-Asia not only brings prosperity to nations in the region, but also creates opportunities for the economic development of other regions and world trade. However, there are causes of conflict which can lead to immeasurable catastrophes, but we hope that the will to discuss common problems, to respect sovereignty and interests of other nations and to give up using force to settle a conflict will help countries in the region know and trust one another, remove causes of trouble and keep peace, stability and cooperation in the region.

Being an Asian nation, having similar features in history and culture to other countries in the region, Vietnam shares other countries' hope for peace, stability and cooperation. Therefore, in multilateralizing and diversifying its foreign relations, Vietnam has given priority to building friendly and cooperative relations with nations and territories in Asia-Pacific region, especially Southeast Asian countries.

At present, Vietnam is preparing conditions necessary for becoming an affiliate member of ASEAN next year. Vietnam has been associate member of PECC, has participated in operation of PBEC and other regional organizations. Vietnam has also made clear that it wanted to join APEC if the conditions permit.

We are happy about the friendly and cooperative relation between Vietnam and Singapore, especially after Vietnamese PM Võ Văn Kiệt's visit paid to Singapore in October, 1991 and Singaporean PM Goh Chuk Tong's visit paid to Vietnam in March, 1994. Singapore is the second biggest trading partner and the fifth biggest investor in Vietnam. We appreciate Singapore's experience in many fields, especially in training and developing human resources.

Although we are confronting many difficulties and challenges on the way to development, but with big and industrious labor force which can absorb new technology quickly, abundant and untapped natural resources, a population of over 70 million which makes a big domestic market, a geographical position near the center of East Asia and our economic renovation policy, Vietnam will be a desirable partner in business to nations in East Asia, Europe and other regions ♣